

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ELECTION COMMISSION

RECEIVED  
FEC MAIL CENTER  
2008 OCT -7 PM 3:28

Utility Workers Union of America,  
Local 369

Complainant,

v.

Covanta Energy Corporation,

Respondent.

Matter Under Review No. 1

MUR # 6100

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL  
2008 OCT -7 PM 4:31

**COMPLAINT OF LOCAL 369, UTILITY WORKERS  
UNION OF AMERICA, AFL-CIO AGAINST  
COVANTA ENERGY CORPORATION FOR  
VIOLATIONS OF COMMISSION REGULATIONS  
REGARDING SOLICITATIONS FROM  
EMPLOYEES**

In accordance with Section 111.4(a) of the Commission's regulations, 11 C.F.R. § 111.4, and 2 U.S.C. § 437g(a)(1), and for the reasons stated herein, Local 369, Utility Workers Union of America ("UWUA"), AFL-CIO ("Local 369") files this instant complaint against Covanta Energy Corporation ("Covanta" or "the Company").

As explained *infra*, based on the data available to Local 369 and presented herein, Covanta has violated Commission regulatory requirements set forth at 11 C.F.R. §§ 114.6 *et seq.* by:

- (1) conducting a solicitation of Covanta employees for contributions to the Company's federal political action committee in a manner contrary to the requirements of Section 114.6(c), 11 C.F.R. § 114.6(c);
- (2) failing to notify Local 369, the representative of Covanta employees at its "SEMASS" facility, of its intention to make such a solicitation, contrary to the

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requirements of Section 114.6(e)(4), 11 C.F.R. § 114.6(e)(4); and

(3) failing to make the "method" used by Covanta to conduct the solicitation available to Local 369, contrary to the requirements of Section 114.6(e)(3)(i), 11 C.F.R. § 114.6(e)(3)(i).

In these circumstances, Local 369 requests that the Commission issue an order (1) finding Covanta to be in violation of these regulatory requirements; (2) directing Covanta to comply immediately with its notification and other obligations; and (3) sanctioning Covanta for its failure to comply with its regulatory obligations.

**I. NAME AND ADDRESS OF COMPLAINANT**

In accordance with Section 111.4(b)(1) of the Commission's regulations, Local 369 states that the full names and mailing addresses of Complainant Local 369 and its legal representatives are:

<b>Gary Sullivan, President</b> <b>David Leonardi, Vice President</b> <b>UTILITY WORKERS UNION OF AMERICA,</b> <b>AFL-CIO, LOCAL NO. 369</b> <b>120 Bay State Drive</b> <b>Braintree, MA 02184</b> <b>Phone: (781) 848-3740</b> <b>Fax: (781) 848-4108</b> <b>Email: gsullivan@uwua369.org</b>	<b>Scott H. Strauss</b> <b>Rebecca J. Baldwin</b> <b>SPIEGEL &amp; MCDIARMID LLP</b> <b>1333 New Hampshire Ave., NW</b> <b>Washington, D.C. 20036</b> <b>Phone: (202) 879-4000</b> <b>Fax: (202) 393-2866</b> <b>Email: scott.strauss@spiegelmc.com;</b> <b>rebecca.baldwin@spiegelmc.com</b>
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These individuals may be contacted regarding this Complaint. In addition, and in accordance with Section 111.4(b)(2) of the Commission's regulations, 11 C.F.R. § 111.4(b)(2), the contents of the Complaint are supported by the attached, notarized "Verification" executed by Mr. Leonardi on behalf of Local 369.<sup>1</sup>

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<sup>1</sup> Mr. Leonardi's verification is Attachment I to this Complaint.

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The Respondent to this Complaint is:

Covanta Energy Corporation  
40 Lane Road  
Fairfield, NJ 07004

The events at issue in this Complaint bear on Covanta's activities at its 54 generating plants located across the United States. More specifically, Local 369 represents 128 employees at Covanta's "SEMASS" generating facility, which is located at:

141 Cranberry Highway  
West Wareham, MA 02576

## **II. RECITATION OF FACTUAL BASIS FOR THE COMPLAINT**

In accordance with Section 111.4(d)(3) of the Commission's regulations, 11 C.F.R. § 111.4(d)(3), Local 369 provides the following recitation of the facts giving rise to the relief requested herein:

UWUA Local 369 represents 128 employees working at the SEMASS facility owned and operated by Covanta. SEMASS is a waste-to-energy plant located in West Wareham, MA.

In June 2008, Local 369 became aware, through conversations between Mr. Leonardi and Covanta employees, that Covanta was apparently soliciting donations from Covanta employees for its federal Political Action Committee ("Covanta PAC").<sup>2</sup> According to the Covanta employees, this solicitation included the option of paycheck deductions.

By letter dated June 12, 2008, Mr. Leonardi wrote to Covanta on behalf of Local 369 and requested that Covanta "identify the methods utilized ... in making solicitation

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<sup>2</sup> The "Covanta Energy Corporation Political Action Committee" is identified by the ID No. C00142158.

of its employees." In addition, the Local asked for "access to the methods of any plan utilized by the Covanta Entergy [sic: Energy] Corporation as required by 11 CFR § 114.5 Separate segregated funds." This letter is Attachment 2 to this Complaint.

On July 1, 2008, Mr. Leonardi renewed Local 369's requests, noting that he had not received any response to his previous correspondence. A copy of this letter is Attachment 3 to this Complaint.

On July 7, 2008, David Anechiarico, Covanta's Director, Human Resources, wrote to Mr. Leonardi explaining, *inter alia*, that the "deductions for your [Local 369's] PAC began for the five [Local 369 member] employees electing this deduction ... for check date 6/27." A copy of this e-mail message is Attachment 4 to this Complaint.

By letter dated July 10, 2008, Mr. Leonardi wrote again to Covanta, stating:

The Local desires to make a solicitation to all Covanta employees in a similar manner utilized by Covanta Energy Corporation PAC. We understand from our meeting last night that Covanta Energy Corporation PAC[] makes use of US mail to send its solicitation. Please inform us of how you wish to provide us that access. We make use of a number of mailing houses locally, which would be acceptable to us, or we would be agreeable to utilize the vendor Covanta uses.

This letter is Attachment 5 to this Complaint.

On July 17, Mr. Anechiarico sent an e-mail to Mr. Leonardi stating that the Company would "coordinate the necessary administrative personnel to enable your labor organization to solicit your Covanta Semass members only." On the same date, Mr. Leonardi responded to Mr. Anechiarico, stating that he believed that Covanta's analysis was flawed, and providing quotations from portions of Section 114.6 of the Commission's regulations. Mr. Anechiarico responded that he would assess this

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information and respond "before we next meet." The exchange is Attachment 6 to the Complaint.

The following day, Mr. Leonardi wrote to certain individuals who had been identified as recipients of donations from the Covanta Energy Corporation PAC, informing each of them that, despite requests from Local 369, Covanta had not permitted access by Local 369 to "methods utilized by Covanta Entergy [sic: Energy] Corporation PAC ID # C00142158, to make solicitation of Covanta employees as provided by Title 11 and by the Federal Election Commission." Mr. Leonardi's letter went on to note that while the outcome of any action before the Commission was of course uncertain, "it is possible you could be required to disgorge part of or all funds you have received from Covanta [Energy] Corporation PAC." A copy of one such letter is Attachment 7 to this Complaint. A copy of each such letter was sent to Covanta.

On July 25, 2008, Mr. Leonardi received a letter from outside counsel to Covanta claiming, without any supporting documentation, that "Local 369 is not entitled to solicit PAC contributions from all employees of Covanta because Covanta does not solicit contributions to its federal PAC from anyone other than its stockholders, executives and administrative personnel." A copy of this letter is Attachment 8 to this Complaint.

On August 1, 2008, outside counsel to Local 369 replied to counsel for Covanta with a letter attaching affidavits from workers stating that they had in fact been solicited by the Covanta PAC. A copy of this letter is Attachment 9 to this Complaint. In the course of various emails and telephone calls between the attorneys for Covanta and Local 369, as subsequently reported to Mr. Leonardi, Covanta stated that while there had been a solicitation that for the most part fit the employees' descriptions, it had in fact been a

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solicitation for a *state PAC* and therefore not subject to federal election law or FEC regulations. A copy of a solicitation letter from Covanta to employees concerning the State PAC was subsequently provided to Local 369, and is Attachment 10 to the Complaint.

Even if correct that the letters identified by Local 369 were not part of an effort to solicit contributions for a federal PAC, it nonetheless appears to that Covanta's flat statement (in correspondence from counsel) on July 25, that "Covanta does not solicit contributions to its federal PAC from anyone other than its stockholders, executives and administrative personnel" is incorrect. Attach. 7. The reason is that Covanta has been soliciting contributions for its *federal PAC* through separate means. Specifically, each new Covanta employee is given an "employee handbook." The handbook, entitled "Policy of Business Conduct" ("Policy") (Attachment 11 to this Complaint) solicits contributions to Covanta's federal Political Action Committee:

Primarily in order to make contributions to federal political candidates or committees, we have established a federal political action committee (or "PAC"). Contributions to the PAC by eligible employees are voluntary. Whether an employee contributes or not results in no favor, disfavor or reprisal from Covanta. The PAC will comply with all related federal and state laws.

According to Covanta Energy Corporation Vice President John Walker, who made statements at a September 10, 2008 meeting with Local 369 representatives including Mr. Leonardi, the Policy is given to each new employee. Indeed, the copy of the Policy attached to this Complaint was provided to Local 369 by Mr. Walker (and Company counsel) at a meeting held on September 25, 2008. Mr. Walker represented that this is the Policy document given to new employees. However, the statements made in the

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Policy concerning federal PAC contributions are not shown only to new employees. The Policy states (at page 25) that employees must *annually* execute a "Certificate of Compliance" stating that they have "recently read" the document and are complying with all of the policies therein.<sup>3</sup>

Moreover, there is other evidence indicating that such PAC contributions are being solicited by Covanta. As of June 30, 2008, the Covanta PAC reported that it had received \$3,355.53 in un-itemized contributions, or contributions under, in aggregate, \$200 for the year. In 2007 the year total of un-itemized contributions was \$418, and in 2006 un-itemized contributions was \$0.<sup>4</sup> Local 369 asserts that these small contributions are an indication of successful solicitations of Covanta employees.

Covanta's solicitation through its Policy document raises several issues. First, Section 114.6(c) of the Commission's regulations, 11 C.F.R. § 114.6(c), states in pertinent part that a "solicitation under this section may be made only by mail ... to ... employees at their residences." Covanta's solicitation by distribution of its "Policy" to all employees, and the requirement of annual certifications, does not comply with this limitation.

Second, Sections 114.6(c)(1)-(3), 11 C.F.R. §§ 114.6(c)(1)-(3), contain requirements that must be included in each such solicitation. None of those items are

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<sup>3</sup> We note that the Covanta website appears to contain a different version of the Policy than the one provided by Mr. Walker on September 25. This other version of the Policy does not contain the quoted language regarding PAC contributions. (The document can be accessed at <http://www.covantaholding.com/uploads/11/File/PBC-Sept-2007.pdf>.) Local 369 is uncertain of the relationship, if any, between this document and the Policy provided to us on September 25, 2008.

<sup>4</sup> These data can be accessed at <http://herndon1.edrdc.com/cgi-bin/fcimg/?C00142158>.

included in the information contained in Covanta's Policy-based solicitation. Covanta's solicitation is not in accordance with these Commission requirements.

Third, Section 114.6(e)(4) of the Commission's regulations, 11 C.F.R.

§ 114(6)(e)(4), states:

The corporation shall notify the labor organization of its intention to make a solicitation under this section during a calendar year and of the method it will use, within a reasonable time prior to the solicitation, in order to allow the labor organization opportunity to make a similar solicitation.

This requirement (and Local 369's requests) notwithstanding, no such notification was provided to Local 369. Instead, the Company flatly denied that any such solicitations had been made.

Fourth, Section 114.6(e)(3)(i) of the Commission's regulations, 11 C.F.R.

§ 114(6)(e)(3)(i), states:

If the corporation uses a method to solicit any employees under this section, the corporation is required to make that method available to the labor organization to solicit the employees of the corporation who are not represented by that labor organization, and the executive or administrative personnel and the stockholders of the corporation and their families.

As shown above, Covanta appears to solicit contributions using an unauthorized "method" — i.e., through the distribution of its Policy to Covanta employees.

In these circumstances, Local 369 urges that the Commission require Covanta to (1) conduct solicitations through means that are in compliance with Commission regulatory requirements; and (2) make the same, appropriate solicitation method used by Covanta available to Local 369. In addition, we ask that the Commission make clear that Local 369 is to be permitted to solicit all Covanta employees, not solely those represented

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by Local 369 at the SEMASS plant. Finally, Local 369 asks that the Commission impose an appropriate sanction upon Covanta for its non-compliance with Commission regulatory requirements.

### III. CONCLUSION

WHEREFORE, for the foregoing reasons, UWUA Local 369 asks that the Commission take action in accordance with the requests contained herein.

Respectfully submitted,



Scott H. Strauss  
Rebecca J. Baldwin

Attorneys for  
Local 369, Utility Workers Union of  
America, AFL-CIO

Law Offices of:

Spiegel & McDiarmid LLP  
1333 New Hampshire Avenue, NW  
Washington, DC 20036  
(202) 879-4000

October 7, 2008

Subscribed and sworn to before me  
This 20<sup>th</sup> day of October, 2008



Notary Public  
District of Columbia

My commission expires 9/14/2013

29044240871

**ATTACHMENT 1**

29044240872

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ELECTION COMMISSION

Utility Workers Union of America,  
Local 369

Complainant,

v.

Covanta Energy Corporation,

Respondent.

Matter Under Review No. —

**VERIFICATION**

Commonwealth of Massachusetts

)

ss.


NOW, BEFORE ME, the undersigned authority, personally came and appeared,

**David Leonardi**

That he is Executive Board/Vice President of Local 369, Utility Workers Union of America, AFL-CIO, that he has the authority to verify the foregoing pleading on behalf of UWUA Local No. 369, and that to the best of his knowledge, information, and belief, all of the factual assertions contained in said pleading are true and correct.

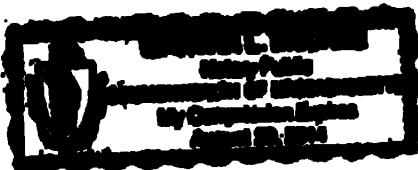
  
David Leonardi

Subscribed and sworn to before me  
this 5<sup>th</sup> day of October, 2008

  
Notary Public  
Commonwealth of Massachusetts

My commission expires

8/29/2014



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**ATTACHMENT 2**

29044240874

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**By Facsimile and U.S.P.S**

**June 12, 2008**

**Joanne Pagliuca, Treasurer  
Covanta Energy Corporation Political Action Committee  
Committee Id: C00142158  
40 Lane Road  
Fairfield, NJ 07007**

**RE: 11 CFR § 114.5 Separate Segregated Funds**

**Dear Ms. Pagliuca,**

**Local 369 herein requests to be provided access to the methods of any plan utilized by the Covanta Entergy Corporation as required by 11 CFR § 114.5 Separate segregated funds. (k) Availability of methods - subsection (1) requiring corporations to make "payroll deduction plan, check-off system, or other plan which deducts contributions from the dividend or payroll checks" and "shall make the payroll deduction plan available to the labor organization" so as Local 369 members working at Covanta SEMASS may contribute to Local 369's segregated fund. Attached please find five (5) authorization cards directed such funds transfer.**

**Please forward fund to:**

**Mr. Daniel Hurley, Secretary-Treasurer  
UWUA Local 369  
120 Bay State Drive,  
Braintree, MA 02339**

**Payable to: UWUA LOCAL 369 COPE**

**Additionally, please identify the methods utilized by Covanta Entergy Corporation in making solicitation of its employees. The Local is considering availing itself of one or more of the methods utilized by the company to make segregated funds solicitation of all Covanta Entergy Corporation employees.**

**Separate Segregated Funds**

If you have any questions concerning the above request please contact me.

Very truly yours,

David Leonardi  
Vice President

DL:dl

cc: G. Sullivan

D. Anecchiarico

J. Walker

**ATTACHMENT 3**

29044240877

# UTILITY WORKERS UNION OF AMERICA

## Local No. 369

120 BAY STATE DRIVE • BRAINTREE, MA 02184  
(781) 848-3740 (781) 848-3741  
FAX (781) 848-4108

July 1, 2008



By Facsimile and U.S.P.S

Joanne Pagliuca, Treasurer  
Covanta Energy Corporation Political Action Committee  
Committee Id: C00142158  
40 Lane Road  
Fairfield, NJ 07007

RE: 11 CFR § 114.5 Separate Segregated Funds

Dear Ms. Pagliuca,

In our letter dated June 12, 2008 Utility Workers Union of America, AFL-CIO and Local 369 requested "access to the methods of any plan utilized by the Covanta Energy Corporation as required by 11 CFR § 114.5 Separate segregated funds". Covanta Energy Corporation has not responded to this request.

The Utility Workers Union of America, AFL-CIO and Local 369 additionally requested information concerning access to "methods utilized by Covanta Energy Corporation in making solicitation of its employees." Covanta Energy Corporation has not responded to this request as well. Please take all necessary steps to fulfill these requests to preclude further actions by the Utility Workers Union of America, AFL-CIO and Local 369.

If you have any questions concerning the above request please contact me.

Very truly yours,

Daniel F. Hurley  
Secretary-Treasurer

cc: G. Sullivan G. Fabich D. Anechiarico J. Walker

Separate Segregated Funds



**ATTACHMENT 4**

29044240879



David Leonardi

(no subject)

Anachiarico, David

Mon, Jul 7, 2008 at 2:41 PM

To: David Leonardi

David,

Regarding the attached request from Ms. Daniel Hurley, Secretary - Treasurer, please know that deductions for your PAC began for the 5 employees electing this deduction began for check date 6/27. Those funds were remitted and, will be remitted monthly.

Also, please know the proper name of our entity is Covanta Energy Corporation, Not Covanta Enertgy Corporation as named on the attached correspondence.

Dave

---

David Anachiarico

Director Human Resources

**COVANTA**

**ENERGY**

*for a cleaner world*

**Covanta Energy Corporation**

**40 Lane Road, Fairfield, NJ 07004**

**973.882.4197 Fax 973.882.7276 Cell !**

**[www.CovantaHoldings.com](http://www.CovantaHoldings.com)**

**Separate Segregated Funds**

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**ATTACHMENT 5**

29044240881

# UTILITY WORKERS UNION OF AMERICA

## Local No. 369

120 BAY STATE DRIVE • BRAINTREE, MA 02184  
 (781) 848-3740 (781) 848-3741  
 FAX (781) 848-4108

By Facsimile and U.S.P.S

July 10, 2008

Joanne Pagliuca, Treasurer  
 Covanta Energy Corporation Political Action Committee  
 Committee Id: C00142158  
 40 Lane Road  
 Fairfield, NJ 07007

RE: 11 CFR § 114 Separate Segregated Funds Solicitation

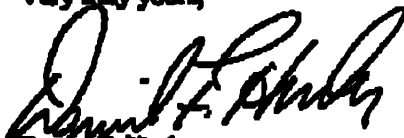
Dear Ms. Pagliuca,

We are in receipt of David Anachiarico email of July 7, 2008 confirming Covanta's deduction and remittance to Local 369 as directed by our member's authorization. (Email attached) Additional the Local takes note of Covanta Energy Corporation PAC's correct name.

The Local understands that the second part of our request may not be understood by Covanta. The Local desires to make a solicitation to all Covanta employees in a similar manner utilized by Covanta Energy Corporation PAC. We understand from our meeting last night that Covanta Energy Corporation PAC's makes use of US mail to send its solicitation. Please inform us of how you wish to provide us that access. We make use of a number of mailing houses locally, which would be acceptable to us, or we would be agreeable to utilize the vendor Covanta uses.

If you have any questions concerning the above request please contact me.

Very truly yours,

  
 Daniel F. Hurley  
 Secretary-Treasurer

DFH:dl

cc: G. Sullivan G. Fabick

D. Anachiarico J. Walker

*File*

Separate Segregated Funds

Page 1 of 2

29044240882

**ATTACHMENT 6**

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29044240883

From: David Leonardi  
Sent: Friday, July 25, 2008 10:52 AM  
To: Strauss, Scott H.  
Subject: Fwd: PAC

FYI

----- Forwarded message -----

From: Anechiarico, David <  
Date: Jul 17, 2008 8:26 PM  
Subject: Re: PAC  
To: David Leonardi  
Cc: "Walker, John"

"Davis, Mark"

, Gerald Fabich

Thanks David,  
You've certainly given me more to assess. I'll take a closer look at what you've sent and get back to you before we next meet.  
David

Sent from my GoodLink Wireless Handheld (www.good.com)

-----Original Message-----

From: David Leonardi [mailto:  
Sent: Thursday, July 17, 2008 07:40 PM Eastern Standard Time  
To: Anechiarico, David  
Cc: Walker, John; Davis, Mark; Gerald Fabich  
Subject: Re: PAC

Hello David,

Thanks for your analysis, it is however flawed. Please see section § 114.6 Twice yearly solicitations.

...(b) A labor organization and/or its separate segregated fund may make a total of two written solicitations per calendar year of employees who are not members of the labor organization, executive or administrative personnel, or stockholders (and their families) of a corporation in which the labor organization represents members working for the corporation. Nothing in this paragraph shall limit the number of solicitations a labor organization may make of its members under § 114.5(g).

...(e) Availability of methods. ....(3) A corporation is required to make available to a labor organization representing any members working for the corporation or its subsidiaries, branches, divisions, or affiliates the method which the corporation uses to solicit employees under this section during any calendar year.

...(i) If the corporation uses a method to solicit any employees under this section, the corporation is required to make that method available to the labor organization to solicit the employees of the corporation who are not represented by that labor organization, and the executive or administrative personnel and the stockholders of the corporation and their families.

Please advise us on when Covanta will provide Local 369 access as required. If you have any question please call me.

David Leonardi

On Thu, Jul 17, 2008 at 7:15 PM, Anechiarico, David <  
wrote:

> Hello David,  
> Regarding our open issue on PAC solicitation issue, here's our position:  
>

> "The pertinent language from the regulation related to PACs specifies, "[i]f a corporation uses a computer for addressing envelopes or labels for a solicitation to its stockholders or executive or administrative personnel, the corporation shall, upon written request, program the computer to enable the labor organization to solicit its members." See 11 CFR 114.5 (k)(2). There is a similar provision allowing labor organizations access to facilities used for meetings to solicit as well. See 11 CFR 114.5(k)(3). The company may charge the labor organization costs sufficient to reimburse it for actual expenses incurred for programming and employee time related to compliance with the request."

> Although I recall your initial position was that "all" Covanta Energy employees would be subject to this "piggy backing" provision...I now know better and understand that to be incorrect (not sure where you got that interpretation from...please share it with me if one exists) and will coordinate the necessary administrative personnel to enable your labor organization to solicit your Covanta Semass members only.

>

> Dave

> David Anechiarico

> Director Human Resources

> COVANTA

> E N E R G Y

> for a cleaner world

> Covanta Energy Corporation

> 40 Lane Road, Fairfield, NJ 07004

> 973.882.4197 Fax 973.882.7276 Call

> www.CovantaHolding.com

--

David Leonardi  
Tel 508-801-1540  
Fax 508-437-0277

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David Leonardi  
Tel 508-801-1540  
Fax 508-437-0277

**ATTACHMENT 7**

29044240886



# UTILITY WORKERS UNION OF AMERICA

## Local No. 369

120 BAY STATE DRIVE • BRAINTREE, MA 02184  
(781) 848-3740 (781) 848-3741  
FAX (781) 848-4108 By Facsimile and U.S.P.S.

July 18, 2008

Linda Slender  
Congress  
PO Box 730  
Scotch Plains, NJ 7076

RE: Covanta Energy Corporation PAC ID # C00142158

Dear Candidate Slender,

By letters dated June 12, July 1, 2008, and July 10, 2008 and email July 17, 2008 the Utility Workers Union of America, AFL-CIO, Local 369 requested access to methods utilized by Covanta Energy Corporation PAC ID # C00142158, to make solicitation of Covanta employees as provided by Title 11 and by the Federal Election Commission.

Thus far Covanta has failed to grant our request. We feel it important to notify you as a recent beneficiary of donations from Covanta Energy Corporation PAC that we will press our concerns further with the Federal Election Commission. We are unsure what may be the outcome, although it is possible you could be required to disgorge part of or all funds you have received from Covanta Energy Corporation PAC.

We apologize for any inconvenience our action may cause. However our members' rights to express their concerns in our political system will not be suppressed by large corporations like Covanta.

Very truly yours,



David Leonard  
Vice President  
Local 369, UWUA AFL-CIO

DL:dl

cc: G. Sullivan D. Anichiarico J. Walker J. Pagliuca T. Orlando

29044240887

**ATTACHMENT 8**

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29044240888

# FOLEY

FOLEY & LARDNER LLP

ATTORNEYS AT LAW  
ONE DETROIT CENTER  
500 WOODWARD AVENUE, SUITE 2700  
DETROIT, MI 48226-3489  
313.234.7100 TEL  
313.234.2800 FAX  
foley.com

WRITER'S DIRECT LINE

1 EMAIL

CLIENT/MATTER NUMBER  
085511-0101

July 25, 2008

**VIA TELEFAX & U.S. MAIL**

Mr. David Leonardi  
Vice President, Local 369  
UWUA, AFL-CIO  
120 Bay State Drive  
Braintree, MA 02184

Re: Covanta Energy Corporation PAC

Dear Mr. Leonardi:

We represent the legal interests of Covanta Energy Corporation ("Covanta"). Correspondence and e-mails from Mr. Daniel F. Hurley, Secretary-Treasurer of UWUA Local 369, and you with Covanta representatives related to the Covanta Energy Corporation PAC and letters written by you to the Governor of Virginia and various members of the Congress of the United States have been forwarded to my attention for appropriate response.

On June 12, 2008, you requested on behalf of Local 369 that Covanta provide Local 369 with access to its payroll deduction process so that Local 369 members working at Covanta SEMASS LLC may use this to make contributions to Local 369's separate segregated fund ("PAC"). Covanta timely complied with this request consistent with requirements of 11 C.F.R. 114.5(k). You also requested in the June 12, 2008 letter and Mr. Hurley reiterated this in a letter, dated July 10, 2008, that Covanta provide Local 369 with access to methods Covanta utilizes to make PAC solicitations of its employees. Mr. Hurley stated in his July 10, 2008 letter that Local 369 seeks access because it intends to solicit PAC contributions from all Covanta employees, not just the Local 369 members who are employed only at Covanta SEMASS. Covanta declined this request consistent with discretion reserved to it under apposite regulations pertaining to Federal Elections and the Federal Election Commission.

Contrary to assertions made by Mr. Hurley and you on behalf of Local 369, Local 369 is not entitled to solicit PAC contributions from all employees of Covanta because Covanta does not solicit contributions to its federal PAC from anyone other than its stockholders, executives and administrative personnel. Accordingly, consistent with 11 C.F.R. 114.6(e)(3)(iii), Covanta is not required to make its solicitation methods or the names and addresses of its employees available to Local 369 so that it may solicit contributions from non Local 369 members for its PAC.

BOSTON  
BRUNSWICK  
CENTURY CITY  
CHICAGO  
DETROIT

JACKSONVILLE  
LOS ANGELES  
MADISON  
MIAMI  
MILWAUKEE

NEW YORK  
ORLANDO  
SACRAMENTO  
SAN DIEGO  
SAN DIEGO/DEL MAR

SAN FRANCISCO  
SHANGHAI  
SILICON VALLEY  
TALLAHASSEE  
TAMPA

TOKYO  
WASHINGTON, D C

DETR\_080646.1

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FOLEY & LARDNER LLP

July 25, 2008

Page 2

You knew or should have known that Local 369 has no legal right to solicit PAC contributions from Covanta employees who are not members of Local 369. Despite this, on July 18, 2008, you wrote letters on behalf of Local 369 to the Governor of Virginia and various members of the Congress of the United States. These letters contain statements falsely accusing Covanta of violating regulations governing Federal Elections and the Federal Election Commission. Each also contains an averment that the recipient received illegal contributions from the Covanta Energy Corporation PAC.

Covanta demands that you send written retractions of the false statements you published to the recipients of your July 18, 2008 letters by August 1, 2008, and that you immediately cease and desist from further publication of any false and defamatory statements about Covanta or its PAC. Please send copies of the retraction letters to the undersigned to demonstrate your compliance with this demand. Should you fail or refuse to do so, I have been instructed to pursue all available legal remedies against the UWUA, UWUA Local 369 and you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Raymond J. Carey', written over a horizontal line.

Raymond J. Carey

RJC:rab.

29044240890

**ATTACHMENT 9**

---

29044240891

# SPIEGEL & MCDIARMID LLP

GEORGE SPIEGEL (1919-1987)  
ROBERT G. MCDIARMID  
ROBERT A. JABLON  
JAMES H. MORWOOD  
FRANCIS E. FRANCIS  
DANIEL L. DAVIDSON  
THOMAS G. TRAUBER  
JOHN J. CORRETT  
CYNTHIA S. BOGORAD  
SCOTT M. STRAUSS  
LISA G. DOWDEN  
PETER J. HOPKINS  
DAVID E. POMPER  
MARK S. HEGEDUS  
WILLIAM S. HUANG  
PABLO O. NUSSEN  
TILLMAN L. LAY  
LARISSA A. SHANRAJ

1333 NEW HAMPSHIRE AVENUE, NW  
WASHINGTON, DC 20036

WWW.SPIEGELMCD.COM

Telephone 202.379.4000

Facsimile 202.393.2568

E-mail INFO@SPIEGELMCD.COM

EMAIL Direct Dial

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ELAINE C. LIPPMANN  
J.S. GESHART  
RUSSEN D. GOMEZ  
REBECCA J. BALDWIN  
SHARON SOLEMAN  
VIVIAN CHUM

MEMBER OF THE D.C. BAR ONLY  
OF COUNSEL  
MARGARET A. MCGOLDRICK  
NEB WEISER  
JEFFREY A. SCHWARTZ  
BARRY M. SHOLER  
GLORIA TRISTANI  
LEE C. WHITE

August 1, 2008

Raymond J. Carey  
One Detroit Center  
500 Woodward Ave., Suite 2700  
Detroit, MI 48226

Re: Covanta Energy Corporation PAC

Dear Mr. Carey:

We are writing in response to your July 25, 2008 letter to David Leonardi regarding the Covanta Energy Corporation PAC, which has been referred to us by Local 369. Your letter states that "Local 369 is not entitled to solicit PAC contributions from all employees of Covanta because Covanta does not solicit contributions to its federal PAC from anyone other than its stockholders, executives, and administrative personnel." We disagree. As the position taken by Covanta Energy in your letter appears to be premised on a factual mistake, and we write to clarify what appear to be the relevant facts at issue.

In fact, Covanta employees other than stockholders, executives, and administrative personnel have received solicitations from the Covanta PAC this year. Mr. Leonardi explained as much in his July 25 email to Bob Mahoney, which is Attachment A to this letter. Moreover, and to dispel any doubt, Attachment B to this letter contains affidavits from hourly Covanta employees who have stated the same thing. As such, it was and remains the position of Local 369 that Covanta Energy Corporation is required under 11 C.F.R. § 114(e)(4) to have notified Local 369 of this solicitation. This oversight can be partially remedied by Covanta's prompt compliance with the requirements of 11 C.F.R. § 114(e)(3), as already requested by Local 369.

We ask that you share these materials with your client, and trust that they will demonstrate to Covanta Energy that it has been operating under a mistake as to the relevant facts.

In these circumstances, we see no basis for providing the written retraction sought in your July 25 letter, for acceding to the demand that we cease and desist from "further publication of any false or defamatory statements," or for the Company's threat to pursue legal action against the UWUA, Local 369, or Mr. Leonardi. If Covanta Energy Corporation so wishes, Local 369 is willing to provide a copy of this letter and its attachments to the recipients of the July 18 letter.

29044240892

Raymond J. Carey  
August 1, 2008  
Page 2

We would be pleased to discuss this matter further with you. We also ask that you direct to the undersigned any further communications from Company counsel to Mr. Leonardi concerning this situation.

Thank you for your assistance.

Sincerely,

*/s/ Scott H. Strauss*

Scott H. Strauss  
Rebecca J. Baldwin

Attorneys for UWUA Local 369

cc: David Leonardi, Local 369

29044240893

---

**Attachment A**

29044240894



Attachment A deleted.

29044240895

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## Attachment B

29044240896

**AFFIDAVIT**

State of Massachusetts

Plymouth County

)  
- ) ss:  
)

GERALD FABICH, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

GERALD FABICH

[Name of affiant]

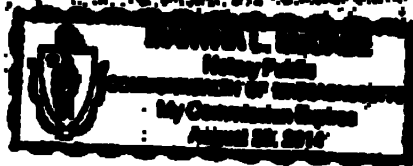
*Gerald Fabich*

[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

*Mattie L. McCose*

Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240897

29044240898

**AFFIDAVIT**

State of Massachusetts

Plymouth County

- ) ss:  
)

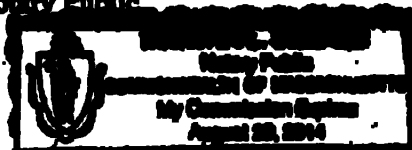
John Daigle, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

John Daigle  
[Name of affiant]

[Signature]  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

[Signature]  
Notary Public



MY COMMISSION EXPIRES: 8/29/2014

**AFFIDAVIT**

State of Massachusetts

Plymouth County

)  
) ss:  
)

Robert A. Rodriguez Jr., being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

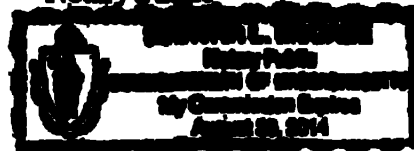
Robert A. Rodriguez Jr  
[Name of affiant]

Robert A. Rodriguez Jr  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

Matthew J. McAlister

Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240899

29044240900

**AFFIDAVIT**

State of Massachusetts

Plymouth County

)  
- ) ss:  
)

Edward A. Lawrence, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

Edward A. Lawrence  
[Name of affiant]

[Signature]  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

[Signature]  
[Notary Seal: Notary Public, My Commission Expires August 29, 2014]

MY COMMISSION EXPIRES: 8/29/2014

29044240901

**AFFIDAVIT**

State of Massachusetts

Plymouth County

)  
) ss:  
)

Brian Bruon, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

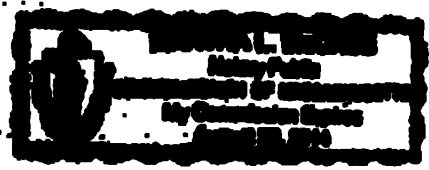
Brian Bruon  
[Name of affiant]

Brian Bruon  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

Mitchell J. McColl  
Notary Public

MY COMMISSION EXPIRES: 8/29/2014



**AFFIDAVIT**

State of Massachusetts

)  
- ) ss:  
)

Plymouth County

FRANK JOSEPH, being first duly sworn, deposes and says that  
he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester,  
Massachusetts; that he is paid on an hourly basis; and that he received a request for  
donations to Covanta Energy Corporation Political Action Committee on or about the  
first quarter of 2008.

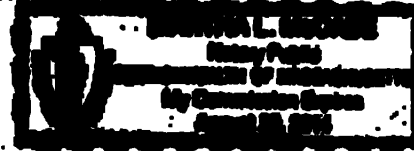
FRANK JOSEPH

[Name of affiant]

[Signature]  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day  
of July, 2008.

[Signature]  
Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240902



29044240903

# AFFIDAVIT

State of Massachusetts

- )  
 ) ss:  
 )

Plymouth County

Paul Cardoso, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

Paul Cardoso

[Name of affiant]

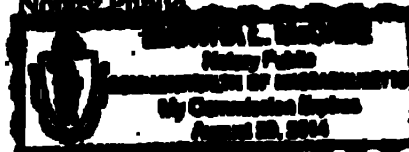
[Signature]

[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

Milton J. McGuire

Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240904

# AFFIDAVIT

State of Massachusetts

Plymouth County

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- ) ss:  
)

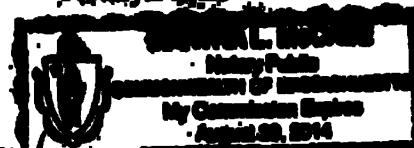
Phil Canedy Sr., being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

Phil Canedy  
[Name of affiant]

Philip Canedy Sr.  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

Matthew L. Moore  
Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240905

**AFFIDAVIT**

State of Massachusetts

- } ss:

Plymouth County

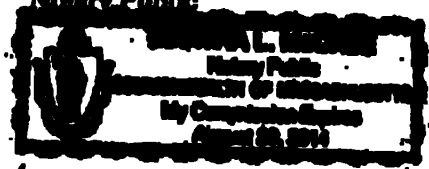
Hugh CAMERON, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

Hugh CAMERON  
[Name of affiant]

[Signature]  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

[Signature]  
Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240906

**AFFIDAVIT**

State of Massachusetts

Plymouth County

- )  
 ) ss:  
 )

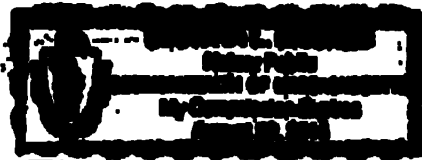
Dennis Gallant, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

Dennis Gallant  
[Name of affiant]

[Signature]  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 5 day of July, 2008.

[Signature]  
Notary Public



MY COMMISSION EXPIRES: 8-29-14

29044240907

**AFFIDAVIT**

State of Massachusetts

Plymouth County

)  
- ) ss:  
)

FRANK HENNESSY, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

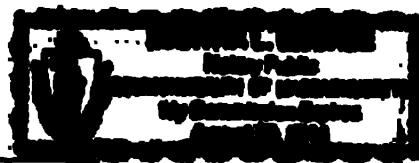
FRANK HENNESSY  
[Name of affiant]

[Signature]  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

[Signature]  
Notary Public

MY COMMISSION EXPIRES: 8/29/2014



**AFFIDAVIT**

State of Massachusetts

Plymouth County

)  
- ) ss:  
)

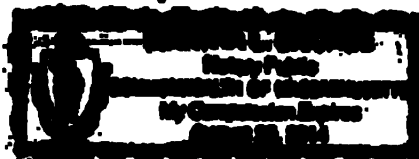
Michael G. Keogh, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

Michael G. Keogh  
[Name of affiant]

Michael G. Keogh  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 31 day of July, 2008.

Muttery McIs  
Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240908

**AFFIDAVIT**

State of Massachusetts

Plymouth County

ss:

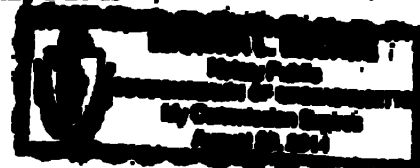
EDWARD KIRCH, being first duly sworn, deposes and says that he is employed by Covanta Energy Corporation as at the SEMASS facility in Rochester, Massachusetts; that he is paid on an hourly basis; and that he received a request for donations to Covanta Energy Corporation Political Action Committee on or about the first quarter of 2008.

EDWARD KIRCH  
[Name of affiant]

Edward Pierce  
[Signed]

Subscribed and sworn to before me, the undersigned notary public, this 3 day of July, 2008.

Mutter L. McCall  
Notary Public



MY COMMISSION EXPIRES: 8/29/2014

29044240909

**ATTACHMENT 10**

29044240910



29044240911

**ORIGINAL**

**COVANTA MA PAC**  
**40 LANE ROAD • FAIRFIELD, NJ 07004 • 973-882-9000**

March 6, 2008

Dear Fellow Employee:

I need your help on an issue that is very important to our business. The Massachusetts Covanta PAC ("Covanta MA PAC") was created to support the goals and objectives of Covanta Energy Group and its employees and shareholders through political activism. The PAC is vital to our business because it enables us to support candidates who understand our issues and whose decisions directly affect the way we do business.

The key to Covanta MA PAC's success is your participation. Policymakers often create opportunities, make laws, and add or reduce regulatory burdens when they act. When this happens, our business environment can be changed substantially. This is why it is crucial that Covanta continues to have a presence among policymakers in Massachusetts.

By strategically supporting elected officials and candidates based on their committee assignments, leadership positions, and voting records, the Covanta MA PAC supports Covanta's business interests and contributes to its future success.

In today's highly scrutinized legislative and regulatory environment, it is essential that Covanta become expert in determining how government interacts with our business. This means participating in the political process to assure that public officials in positions that affect Covanta understand our business and the policy and regulatory concerns which we face.

A pledge card is attached for your review. Please take a moment and carefully take a look at it. Participation in the Covanta MA PAC is voluntary. Your decision regarding participation in the Covanta MA PAC will not affect your employment or future prospects with Covanta.

You can join the Covanta MA PAC by authorizing a payroll deduction or writing a personal check to the PAC, payable to "Covanta MA PAC". Although there is no minimum contribution required, we encourage you to consider the contribution guidelines provided on the attached contribution card.

To assure that we launch our efforts as soon as possible, we ask that you review the attached materials and return the enclosed pledge card by March 21, 2008 regardless of whether or not you decided to make a contribution.

I hope you will give serious consideration to this request for a contribution to the Covanta MA PAC to make sure our voices are heard!

Thank you for your time and consideration.

Sincerely,



Anthony J. Orlando  
President and CEO  
Covanta Energy Corporation

Enclosure

*Covanta MA PAC is a registered political committee in Massachusetts that contributes to candidates for state and local office. Contributions are not deductible as charitable donations for federal tax purposes. All contributions to Covanta MA PAC are voluntary. The guidelines above are mere suggestions and you may contribute more or less, or not contribute at all, without concern of favor, disfavor or reprisal from the corporation.*



**ATTACHMENT 11**

29044240913

29044240914

# **COVANTA**

## **POLICY OF BUSINESS CONDUCT**

**September, 2007**

# **Covanta Holding Corporation** **Policy of Business Conduct**

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# COVANTA

## **Covanta Holding Corporation Policy of Business Conduct**

**Ladies and Gentlemen:**

Covanta Holding Corporation and each of its subsidiaries, including Covanta Energy Corporation and National American Insurance Company of California, are committed to conducting business ethically and legally. Our Policy of Business Conduct states our standards of corporate ethics and legal compliance. As officers and employees we are all expected to know these policies and to apply them in the daily performance of our jobs.

This policy summarizes the minimum requirements expected of our employees, officers and, where applicable, directors. But like any policy, its requirements may be overlooked or misunderstood if they are not continually reiterated and reinforced. For this reason, we distribute this policy to all employees on an annual basis, and throughout the year we circulate information on selected topics addressed in this policy. We have also made it available on our corporate intranet and internet sites. These guidelines contained in this policy apply to the employees of all our subsidiaries. We urge you to read them carefully.

We continue to review and revise our Policy of Business Conduct to minimize the risk of the pitfalls which a number of corporations have encountered over the last few years. Even in a comprehensive format, however, it is impossible to address every area of concern and answer every question concerning our standards of behavior.

If you are concerned about any questionable transaction, we urge you to report your concerns as provided in this policy.

In addition to the policies contained in this Policy of Business Conduct, we have several other more specific policies that may govern your activities. These policies are identified throughout the Policy of Business Conduct. You should obtain from our General Counsel copies of specific policies that you believe are applicable to your activities.

**Thank you for your cooperation.**



**Anthony J. Orlando  
President and Chief Executive Officer  
Covanta Holding Corporation**

## **Speak Up!**

**IF YOU HAVE ANY CONCERNS, QUESTIONS OR SUGGESTIONS CONCERNING THE POLICY OF BUSINESS CONDUCT, YOU SHOULD REPORT THEM TO (I) YOUR SUPERVISOR OR MANAGER; (II) THE GENERAL COUNSEL OR VICE PRESIDENT, HUMAN RESOURCES OF YOUR BUSINESS UNIT; OR (III) TO TIMOTHY J. SIMPSON, COVANTA'S GENERAL COUNSEL, AT 973-882-7308, OR TO ROBERT MONTELEONE, COVANTA ENERGY'S VICE PRESIDENT, HUMAN RESOURCES, AT 973-882-7153.**

**OR, IF YOU PREFER TO REMAIN ANONYMOUS, YOU CAN CONTACT:**

**THE NETWORK 1-800-241-5689**

**Call Toll-Free From Any Location Any Time  
You DO NOT have to give your name.  
For international calls, call collect 770-409-5006**

**OR**

**THE CHAIRMAN OF THE AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS OF COVANTA HOLDING CORPORATION**

**PO Box 7  
Caserville Station  
Jackson, NJ 08527**

**Information reported to The Network or Covanta's Audit Committee will be handled on a confidential anonymous basis. Only the substance may be referred to Covanta's management.**

**We prohibit retaliation against an employee who has filed, in good faith, a complaint under this policy or under any law or for assisting in a complaint investigation. Any supervisor or member of management who knows an employee is being harassed, discriminated or retaliated against and fails to address the situation or fails to notify higher management will be subject to disciplinary action.**

## **Covanta Holding Corporation Policy of Business Conduct**

### **Our Values**

We are committed to operating in an ethical fashion, governed by both the letter and the spirit of the law. We expect our employees to live up to this standard not only in our dealings with colleagues, competitors, customers and governments, but with our consultants, contractors, representatives and suppliers as well.

We will achieve and maintain our high standards of ethical conduct through your recognition and adherence to our corporate policies and *six basic values*:

- ✓ **Honesty:** being truthful and "up-front" with our co-workers, customers, communities, suppliers and creditors.
- ✓ **Integrity:** saying what we mean and meaning what we say; delivering what we promise and standing for what is right.
- ✓ **Respect:** treating one another with fairness and dignity; appreciating the unique abilities and strengths of the individual and the advantage of diversity.
- ✓ **Trust:** keeping our promises.
- ✓ **Responsibility:** taking the initiative to speak up and report concerns regarding ethical conduct and to seek reliable guidance in cases of doubt.
- ✓ **Citizenship:** obeying the federal, state and local laws of the United States and any other country in which we do business; taking an active role in making our communities and Covanta better.

This Policy is intended to be a valuable, everyday tool in your job at Covanta. Our collective commitment to the principles of ethical business conduct is an essential element of our continuing success.



### **General Principles Regarding the Conduct of Our Business**

- ✓ We comply fully with all laws, rules and regulations that govern our operations nationally and abroad.
- ✓ We strictly prohibit the use of our funds or assets for any unlawful or improper purpose.
- ✓ No one may establish an undisclosed or unrecorded fund or asset for any purpose.
- ✓ No one may make false or artificial entries in our books and records for any reason, and no one shall engage in any arrangement that results in such prohibited act.
- ✓ No one may approve or make a payment on behalf of Covanta with the intention or understanding that any part of it is to be used for any purpose other than that described by the documents supporting the payment.
- ✓ Any employee having information or knowledge of any unrecorded fund or asset or any act in violation of this Policy is required to promptly report such matter as provided in this Policy.
- ✓ All management employees are required to review and approve disbursement vouchers in accordance with our purchasing and payment policy which includes all expense reports of their subordinate employees.
- ✓ All management employees shall be responsible for the enforcement of and compliance with this Policy, including necessary distribution to ensure employee knowledge, acceptance and compliance.

### **Environmental, Health and Safety Policy**

We will operate in an environmentally sound manner protective of employee health and safety. We will comply with our own environmental, health and safety policies and standards and all applicable environmental, health and safety laws and regulations governing our business. Management will establish appropriate standards for environmental protection, health and safety. In the absence of clearly defined environmental, health and safety laws, regulations or standards, you should seek guidance from their immediate supervisor or our General Counsel.

We will keep accurate records pertaining to environmental, health and safety matters as required by law or regulation and our own policies.

You must report promptly breaches of this policy to your immediate supervisor, to the environmental specialist for your facility or to the department head for environmental compliance or the health and safety coordinator. If you fear this would compromise you, or where the persons you initially contacted fails to act, you should report the matter to our General Counsel or as provided in this Policy.

Our health and safety policy is based on our commitment to the ongoing integration of health and safety into all activities with the objective of eliminating illnesses and injuries and continuously improving performance. These principles are as follows:

- **Nothing is more important than health and safety ...not production, not throughput, not profits.**
- **Accidents, illnesses and injuries are preventable...they are not inevitable.**
- **Health and Safety is a management responsibility...and health and safety can be managed.**
- **Health and Safety is an individual responsibility...and a condition of employment.**
- **Health and Safety is a way of life...around the clock, both on and off the job.**
- **Every task must be performed with a concern for health and safety...for ourselves, our fellow employees, our contractors, our visitors, our customers and the communities in which we operate.**

**Our environmental policy is embodied in five principles:**

- **Protection...We will to conduct our business in an environmentally sound manner that is protective of human health and the environment.**
- **Compliance...We will manage our work to assure compliance with all applicable environmental regulations and requirements.**
- **Conservation...We will minimize impact to the environment by encouraging pollution prevention at the source, waste minimization, facilitating use of recycling opportunities and responsible disposal of any production by-products.**
- **Qualification...We will ensure that all employees have the necessary information, resources and training to make informed environmental decisions.**
- **Commitment...We are committed to be an industry leader in environmental protection by achieving superior awareness and performance.**

#### **Accurate Books and Records**

**Our books, records and accounts must accurately, fairly and in reasonable detail reflect transactions and dispositions of assets. We do not establish or maintain for any reason unrecorded funds or assets, domestically or abroad. We do not make for any reason false, artificial or misleading entries in our books and records (including tax returns). We do not engage in any arrangement that results in these prohibited acts. We do not effect transactions or make payments, domestically or abroad, with the intention or understanding that the transaction or payment is other than as described in the documentation evidencing the transaction or supporting the payment.**

**If you believe any such fund, asset, entry, transaction or payment might exist, you should immediately contact our General Counsel or respond as provided in this policy.**

#### **Integrity of Financial Statements and Financial Information**

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**Our financial statements and other financial information publicly disclosed must be fairly presented in all material respects. Our financial statements, including the notes, and other information contained in our public reports must:**

- **reflect the selection of appropriate accounting standards;**
- **reflect compliance with applicable insurance laws and regulations and the preparation of our National American Insurance Company of California (and its subsidiaries) financial statements pursuant to statutory accounting requirements applicable to our insurance business;**
- **properly apply these standards; and**
- **disclose financial information that is informative and reasonably reflects the underlying transactions and events.**

**Additional disclosures should be included to provide the user with a materially accurate picture of our financial condition, results of operations and cash flows.**

**If you are concerned about questionable accounting or auditing practices you should address that concern to your immediate supervisor. If you are not satisfied that such supervisor has adequately addressed the concern or you are worried about retaliation, please communicate those concerns to our Chief Accounting Officer, Chief Financial Officer, General Counsel, or Chief Executive Officer.**

**In the alternative, you may also report concerns anonymously as provided in this policy.**

**Our Chief Financial Officer will receive, retain and respond as he or she deems appropriate to complaints received regarding accounting, internal accounting controls or auditing matters. He or she will at each meeting of the Audit Committee communicate any such complaints received since the committee's last meeting to the committee.**

#### **Integrity of Reports Filed with the Securities Exchange Commission**

**We will not file with the Securities and Exchange Commission any report that contains any material misstatement or omission. Our reports will contain all material information and otherwise meet all the requirements of the Securities and Exchange Commission for that report. If you assist in the preparation of reports filed with the Securities and Exchange Commission you must keep this objective in mind and should discuss any concerns you have in this regard with your supervisor, the Chief Accounting Officer, the Chief Financial Officer, the General Counsel or the Chief Executive Officer. You may also report concerns anonymously as provided in this policy.**

#### **Internal Accounting Controls**

**In compliance with federal law relating to public corporations, we design and maintain a system of internal accounting controls sufficient to provide assurance that (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or other criteria applicable to such statements and to maintain accounting principles or other criteria applicable to such statements and to maintain accountability for assets; (c) access to such assets is permitted only in accordance with management's general or specific authorizations; and (d) the recorded**

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accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

#### **Disclosure Controls**

It is the responsibility of our senior management, under the direction of the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer to establish and maintain disclosure controls and procedures for the Company; to periodically review and evaluate such controls and procedures; and to disclose to the Audit Committee and to our auditors any significant deficiencies in the design or weaknesses of internal controls, or fraud (regardless of materiality) involving persons having a significant role in the Company's internal controls.

Disclosure controls are procedures designed to identify information potentially subject to disclosure under the Securities and Exchange Commission's rules, information relevant to an assessment of the need to disclose developments and risks pertaining to our business, and information that must be evaluated for disclosure under the Securities and Exchange Commission's rules requiring disclosure of material information necessary to make statements required in Commission reports not misleading.

We have a Disclosure Controls Policy. If you are involved in the preparation of our reports required under the federal securities laws, you should be familiar with that policy, which may be obtained from any member of the legal department.

#### **Auditor Conflicts of Interest**

We will not retain a public accounting firm to perform any audit service if the Chief Executive Officer, Chief Accounting Officer, Chief Financial Officer, or any person serving in an equivalent position was employed by that public accounting firm and participated in any capacity in the audit during the 3-year period preceding the date of the initiation of the audit.

#### **Prohibited Services by Covanta's Auditors**

We do not retain the public accounting firm auditing our books and records to provide any services in addition to those pertaining to its audit without the consent of the Chief Financial Officer and the Audit Committee. In no event will we retain auditors to provide the following non-audit services:

- bookkeeping or other services related to our accounting records or financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- actuarial services unrelated to the audit;
- internal audit outsourcing services;
- management functions or human resources;
- broker or dealer, investment adviser, or investment banking services;
- legal services or expert services unrelated to the audit; or

- any other service that the Public Company Accounting Oversight Board determines, to be impermissible.

If we retain our auditors to provide any non-audit service we will disclose this in our reports filed with the Securities and Exchange Commission, in accordance with the Commission's rules and forms. We have a separate policy on the retention of auditors to perform non-audit services. If you are contemplating retaining an accounting firm to provide non-audit services you should be familiar with that policy which can be obtained from any member of the legal department.

#### **Relationships with Auditors and Inside Accountants**

Our directors, officers and employees may not do anything which would fraudulently influence, coerce, manipulate, or mislead our inside accountants or our outside auditors for the purpose of rendering our financial statements or Securities and Exchange Commission reports materially misleading. Our directors, officers and employees may not give any assignment to our auditors without the prior consent of the Chief Financial Officer and the Audit Committee.

#### **Prohibited Loans to Directors and Executive Officers**

Except as explicitly permitted Section 13(k) of the Securities Exchange Act of 1934, we will not extend or maintain credit, or arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any of our directors or executive officers (or equivalent thereof).

#### **Conflicts of Interest**

You should avoid any situation or interest which might interfere with your judgment with respect to your responsibilities to Covanta, unless such situation or interest is approved by our General Counsel and/or our Board of Directors or committee thereof, as applicable.

You would have a conflict of interest, for example, if you (a) have a financial interest which could affect your judgment; (b) gain personal enrichment through access to confidential information; or (c) misuse your position with us in a way which results in personal gain. You would also have a conflict of interest if you or a related party (including spouses, minor children or any other family members living in the same household) has a personal interest, direct, or indirect, in any of our suppliers, customers or competitors.

If you think you may have a conflict of interest, you must disclose it to our General Counsel. After you have disclosed a potential conflict, a determination will be made as to whether you should divest yourself of the interest or whether your job functions must be realigned.

You and the members of your immediate family (including spouses, minor children or any other family members living in the same household) may not own an interest, direct or indirect, in any of our suppliers, customers or competitors, unless approved by our General Counsel and/or our Board of Directors or committee thereof, as applicable. This does not apply to an interest of up to two percent (2%) of the outstanding stock of a corporation if such stock is available to the general public on a registered securities exchange market. You may not acquire a business opportunity which we may be interested in acquiring, unless approved by our General Counsel and/or our Board of Directors or committee thereof, as applicable.

#### **Outside Employment**

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You may not engage in outside employment or activity which would conflict with Covanta's interests, or which would reduce your efficiency in performing your employment duties to us, unless such outside employment or activity is approved by our General Counsel and/or our Board of Directors or committee thereof, as applicable.

#### **Related Party Transactions**

Related parties include (a) an organization of which one of our officers or directors is also an officer or director; (b) an organization of which one of our officers or directors is the beneficial owner of ten percent (10%) or more of any class of securities; (c) any trust in which one of our officers or directors has a substantial interest, or serves as trustee or in a similar fiduciary capacity; or (d) any relative of one of our officers or directors who may significantly influence or be influenced by a business transaction with an organization of which he or she is an officer or director.

Related parties may not be presumed to deal with one another at arm's length. Therefore, if any one of our officers or directors believes such a transaction exists or might occur that is other than at arm's length, full disclosure must be made to our General Counsel, and such related party transaction must be approved by our General Counsel and/or our Board of Directors or committee thereof, as applicable.

#### **Political Contributions/Lobbying**

##### **Political Contributions**

Federal, state, and local laws impose various restrictions on political campaign contributions. Under federal law a corporation may not make political contributions to federal political candidates or campaign committees. The extent to which corporations are permitted to contribute to state political candidates or campaign committees varies from state to state.

We will only make political contributions and expenditures if it is in our best interest and we determine that the proposed contribution or expenditure is legal. Contributions include not only donations of cash or property (e.g., monetary contribution to a campaign or political committee, purchases of tickets to political dinners, or paying for advertisements on behalf of candidates) but also the use of our facilities and resources.

In general, employees are free to make a personal contribution to any political candidates or committees as an individual and not as a representative of Covanta, subject to the individual limitations under state or federal law. However, members of our Board of Directors and our officers who contribute as individuals to candidates for state offices in New Jersey and Maryland, may be subject to certain contribution limits and/or disclosure obligations. Contributions by members of the Board, officers and employees with managerial responsibilities for our Connecticut facilities to candidates for certain state offices in Connecticut are prohibited.

The regulations relating to political contributions are complex and changing. Prior to making or authorizing a corporate contribution or authorizing the use of a Covanta facility or resource for political purposes, please consult our Director of Governmental Affairs and our General Counsel. If you have any questions concerning a personal contribution, please contact our General Counsel.

Primarily in order to make contributions to federal political candidates or committees, we have established a federal political action committee (or "PAC"). Contributions to the PAC by eligible employees are voluntary. Whether an employee contributes or not results in no favor, disfavor or reprisal from Covanta. The PAC will comply with all related federal and state laws.

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The Company also has written procedures which must be followed before a proposed political contribution or expenditure is made or any action is taken regarding a contribution or expenditure. Only our Director of Government Affairs may initiate these procedures.

### **Lobbying Activity**

If you interact with federal, state, or local public officials on behalf of Covanta, you may be required to register as a lobbyist at the federal, state, or local level. Federal, state, or local law may also require the disclosure of any such interaction which qualifies as "lobbying activity." Such laws also generally prohibit the use of government contract funds for lobbying activities. You should not engage in lobbying activities or hire lobbyists on our behalf without the prior approval of our General Counsel and our Director of Government Affairs.

### **Dealing with Government Officials**

If you deal with federal, state, local or foreign officials, you must avoid even the appearance of impropriety. Failure in this regard can result in legal violations, loss of business, as well as damaging publicity for both Covanta and you.

Each governmental entity has its own rules governing the conduct of its employees. If you deal with such officials on a regular basis, obtain a copy of their governing ethics guide or rules, if any. In addition, you must be sensitive to requests or comments by government officials which may appear perfectly proper but could be susceptible to a different interpretation by other government officials or the media. All questions or uncertainties should be raised immediately with our General Counsel.

Federal, state, and local laws and regulations place important restrictions on the procurement process. For example, federal law prohibits competing contractors from soliciting or receiving proprietary or source selection information prior to the award of a contract; requires contractors to maintain accurate records of charges and to ensure that all cost and pricing data are current, accurate, and complete; and bars employment discussion by contractors with procurement officials during the procurement process. Many state and local laws impose similar requirements. If you deal with government agencies you should familiarize yourself with these and other requirements under appropriate procurement laws.

Please see the section of this booklet dealing with Gifts and Entertainment for additional policies with respect to dealing with governmental officials.

### **Gifts and Entertainment**

We follow ethical standards of behavior in our dealings with our customers, both in the public and private sector, and with our suppliers and service providers.

### **Public Sector Customers**

Various federal, state, and local laws prohibit the offering, promising or giving of anything of value to an employee, agent or official of a federal, state, local or foreign government if the gift or gratuity is made with an intent to influence such individual in the performance of an official act, or because of an official act performed or to be performed by the public official. Federal, state and local public agencies have developed detailed guidelines concerning when persons dealing with a particular agency may properly provide a public official with gifts, entertainment, refreshments, transportation, lodging or meals in

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connection with a business meeting. Such guidelines may contain express exemptions which may allow a federal, state, or local government employee, agent or official to accept a gift which is below a certain dollar amount (individually and aggregating all other gifts in a given year) and thus considered nominal in value.

If you deal with employees, agents, or officials of federal, state, local, or foreign governments on a regular basis, obtain a copy of their governing ethics guide or rules, if any. The regulations may vary among the different agencies, and no gifts, entertainment, transportation, lodging, refreshments or meals may be provided unless expressly authorized by law or the agency's stated policy. Note that it is always important to avoid even the appearance of impropriety.

These rules are complex. It may be difficult to establish that gifts are not made for improper purposes and to avoid any appearance of impropriety. Therefore, it is our policy not to entertain or to provide meals or refreshments or to offer, promise or make any gift to any government employee, agent or official federal, state or local public authority or foreign government, unless they are:

- (a) customary and legal under applicable laws and regulations;
- (b) nominal in value;
- (c) in the case of entertainment, meals, transportation, lodging, or refreshments, provided solely for the purpose of discussing matters affecting our legitimate business interest; and
- (d) reported as required by applicable laws and regulations.

If you have any doubts at all about whether any expenditure meets the requirements outlined above, and in any case if the expenditure exceeds \$50, contact our General Counsel.

**Private Sector Customers, Suppliers or Others**

Gifts, kickbacks, or bribes for the purpose of influencing the business decisions of employees of customers in the United States is illegal under state commercial bribery laws and may be a violation of federal laws. You may not make this kind of gift or payment under any circumstances.

Federal law restricts the extent of the deductibility of gifts to private sector customers or suppliers. We strongly discourage gifts made by or on behalf of Covanta in excess of \$100 per year to any individual, but in the event a gift is proposed to be made in excess of this amount, approval must be secured in advance from our General Counsel.

Gifts should be reviewed in the context of the following criteria:

- Gifts in the form of cash, stocks, bonds (or similar types of items) are unacceptable, under any circumstances.
- Gifts must be in accordance with normally accepted business practices and applicable laws, and comply with the policies of the organization employing the recipient.
- Subsequent public disclosure of all facts should not be embarrassing to us.

In entertaining private sector customers or suppliers, lavish expenditures are to be avoided. The cost and nature of the entertainment should be planned and carried out in a way which appropriately and reasonably furthers the conduct of our business. Employees of potential private sector customers may be



transported to, shown, and served at our locations as part of the normal sales effort at our expense. Of course, such travel should never be a subterfuge to provide otherwise prohibited entertainment.

It is not our intent to eliminate gifts made in accordance with normally accepted business practices, such as holiday gifts, or to eliminate normal business entertainment, where we, in accordance with established practices, entertain at our expense employees of customers and individuals representing entities with which we have a business relationship.

#### **Current Employees**

Similar guidelines reflect our policy with respect to gifts and entertainment received by our employees from suppliers, customers and others.

Gifts totaling more than \$150 from any supplier or customer should not be accepted in any year, and any gift not meeting this requirement which has been received by an employee should normally be returned to the donor. If the circumstances would clearly appear to make the return of the gift detrimental to our interests, our General Counsel should be immediately consulted for a decision on the proper course of action.

With respect to entertainment, the same criteria apply. Employees should never accept social invitations where the cost is lavish or extreme and is intended to influence or interfere with business decisions.

#### **Improper Payments to Government Officials, Political Parties and Candidates**

It is our policy not to offer, pay, promise, or authorize the payment of money or anything of value to any federal, state, local or foreign government official, political party or candidate for political office (or to anyone else, knowing that all or a portion of the payment will be provided to such a person or political party), for the purpose of obtaining or retaining business. This includes both gifts and offers of gifts and payments for which we receive consideration. These activities are prohibited by federal, state, and local law. Violations may subject us to substantial fines. Officers, directors or employees who violate the law may be punished by fines and/or imprisonment. If you work outside the United States or are dealing with foreign officials you must comply with our separate policies relating to the United States Foreign Corrupt Practices Act, a copy of which can be obtained from members of the legal department. You should also be familiar with our separate policies governing the retention of foreign agents. All questionable activities should be reported to our General Counsel or as provided on the last page of this policy.

#### **Finder's and Agent's Fees**

An outside consultant who will receive compensation for soliciting, securing or retaining business for us may be retained only with the prior written approval of our General Counsel, and only pursuant to a written contract setting forth the basis for determining the consultant's fee. Any questions regarding this issue must be raised with our General Counsel.

The circumstances to be considered with respect to whether a consultant may be retained for this purpose is permissible, include the following:

- Is the counterparty aware that the consultant is receiving a fee?
- Is the payment proportionate to the services rendered by the consultant, taking into consideration the results achieved and normal business practices?

- The background of the consultant and the relationship of the consultant to the customer.
- The nature of the counterparty, especially whether it is a public entity.
- The legality of paying success fees. (In many jurisdictions, the payment of success fees to a consultant to advocate on behalf of a bidders proposal is prohibited.)

Compensation to finders and agents must be by check paid directly to the consultant. Checks must never be made payable to cash or to a third party.

#### **Antitrust**

*(A more detailed discussion of our policies regarding Antitrust compliance is set forth in our policy statement on that subject, to which you should also refer)*

We compete vigorously in our markets. We have thrived in this atmosphere and intend to continue a policy of engaging in lawful and dynamic competition to our benefit and that of the economy as a whole. It is fundamental that we independently determine the pricing, terms, commissions, and other contractual terms offered to customers. You should adhere to these principles and you should be sure that those employees working for you do as well.

It is important to avoid the following:

- discussing prices with competitors – ~~even~~;
- discussing or agreeing with competitors to restrict or increase levels of production;
- agreeing with competitors to adhere to certain prices or otherwise restrict price;
- discussing or coordinating bidding with competitors;
- discussing customers, markets or territories with competitors;
- requiring a customer to buy products only from us, without consulting our General Counsel;
- discussing or agreeing with competitors to boycott suppliers or customers;
- offering customer prices or terms more favorable than those offered competing customers unless justified by cost savings, the need to meet competition or changed market conditions;
- using one product as leverage to force or induce a customer to purchase another product; and/or

any concealment of wrongdoing; report it promptly to our General Counsel or as provided in this policy.

#### **Joint Ventures**

In some situations, joint activity with a competitor is acceptable under the antitrust laws. However, it can be difficult to identify antitrust issues in this context. Accordingly, all joint ventures or joint activity with any competitor should be discussed in advance with our General Counsel.

#### **Trade Associations**

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We belong to trade associations only when such groups contribute significant benefits to justify the time and cost of membership or support. Trade associations, by their nature, involve meetings and discussions with competitors, and care must be taken to avoid antitrust problems (see antitrust guidelines above).

Failure to observe these guidelines can result in serious liability to us and to the individuals involved and will generally result in termination.

The senior manager in the business unit joining a trade association must maintain the following information:

- the name of each trade association of which we are a member pertaining to his or her business unit;
- a copy of all communications made to trade associations; and
- all requests for dues, payment and other contributions to trade associations.

You may not attend any trade association meeting unless you have been properly briefed as to our policy with regard to trade associations.

You may not become an officer in any trade association without first securing permission from our General Counsel.

Joint action which is illegal under the antitrust laws is not made legal because it occurs as an outgrowth of trade association participation. You should not answer trade association questionnaires asking for information relating to prices or other terms and conditions of sale or purchase. All such questionnaires must be forwarded to our General Counsel.

If at any trade association meeting which you are attending the subject of pricing, bidding, territorial or customer allocation or refusal to deal is mentioned in any form or manner, you must leave the meeting immediately without comment but not without notice (be sure that the other attendees will remember that you left). You must report the circumstances to our General Counsel so that proper corrective action (which may include membership termination) can be taken. Our guidelines with respect to trade associations must be adhered to by you while you attend conferences, trade conventions, or any other meeting where competitors are present.

#### **Sales Practices**

An employee should never knowingly misrepresent any of our products or services or the product or service of a competitor.

#### **Intellectual Property and Confidential Information**

Trade secrets, patents, trademarks and other confidential business information (such as technical standards, secret processes, engineering, new products, research work or developments and other non-public aspects of our businesses) as well as lists of customers and suppliers represent our intellectual property, and are among our most valuable corporate assets. You should not use such information for your own benefit or give it to others. Care must be taken to avoid inadvertent as well as intentional

disclosure. You must adhere to the Confidentiality Agreement you signed when you joined Covanta. We will treat confidential information of others that we obtain pursuant to an agreement to maintain its confidential nature in accordance with such agreements.

#### **Equal Opportunity Employment/Harassment**

*(A more detailed discussion of our policies on Equal Opportunity Employment and harassment is set forth in the Employee Handbook, to which you should also refer)*

We are an equal opportunity employer. We have and will continue to recruit, select, train, promote, compensate, transfer, discipline and take all other personnel actions without regard to race, color, religion, national origin, ancestry, gender, sexual orientation, age, disability, marital status, veteran status or any other characteristic protected by applicable law. We will make reasonable accommodations to qualified employees with disabilities in accordance with law.

We fully comply with all government requirements against discrimination and harassment and will act affirmatively, when necessary, to achieve these objectives. An employee found to have engaged in discrimination or harassment against any person will be subject to appropriate disciplinary action up to and including immediate termination of employment.

#### **Harassment**

We want to provide a work environment that is free of discrimination and harassment of any kind. You are responsible for respecting the rights of your co-workers. You should treat your co-workers with dignity and respect. Conduct – whether verbal, physical, visual or otherwise – that could be considered offensive or intimidating will not be tolerated. Anyone engaging in sexual or other harassment will be subject to disciplinary action, up to and including immediate termination of employment.

**Definition of Harassment:** Unlawful harassment can take many forms, and the precise definition is constantly changing. Actions, words, jokes or comments based on an individual's sex, race, color, religion, creed, age, national origin, disability, marital status, sexual orientation or any other legally protected characteristics will not be tolerated.

**Sexual Harassment:** Sexual harassment will not be tolerated. Sexual harassment has been defined as unwelcome attention directed at an employee, whether verbal, physical or demonstrative, as a result of that employee's gender which affects an employee's job conditions or creates a hostile work environment. Sexual harassment includes, but is not limited to, the following:

- Unwelcome sexual advances;
- Requests for sexual acts or favors;
- Comments made to individuals as a result of their gender;
- Inappropriate e-mails, jokes or sexually oriented language;
- Personal questions about sexual or social life;
- The use of subtle hints, suggestions or unseemly gestures;

- Display of inappropriate photographs, cartoons or other inappropriate materials;
- Rude actions or leering; and/or
- Any other verbal or physical conduct which has the effect of treating an employee or employees differently from other employees on the basis of gender.

**Other Prohibited Harassment:** Harassment because of an individual's race, religion, color, national origin, ethnicity, nationality, age, marital status, gender, sexual orientation, handicap or disability, military service or any other status protected by law is also unlawful and is prohibited by us. Examples of harassment could include, but are not limited to, the following:

- Ethnic or other jokes or remarks relating to a specific protected group;
- Kidding, joking, teasing or other verbal abuse relating to an individual's protected status;
- Cartoons, e-mail or other communications referencing a person's protected status;
- The use of slang, derogatory or demeaning language; and/or
- Physical or other conduct aimed at a particular person as a result of their protected status.

#### **Action to be taken**

All employees, and particularly managers, have a responsibility of keeping our work environment free of discrimination and harassment.

If you want to report an incident of sexual or other unlawful harassment, you should take the following action:

**Report the incident or complaint to your manager. If the manager is unavailable, is the subject of the complaint, or does not resolve the problem satisfactorily, you should contact your Vice President – Human Resources.**

We will promptly investigate all complaints of harassment and discrimination. All employees who are interviewed during the course of the investigation will be informed that they will not suffer retaliation, reprisal or intimidation as a result of using the internal complaint procedure or cooperating with the investigation into a complaint of harassment or discrimination. Any employee, supervisor or other person who retaliates against an employee for making an internal complaint or cooperating in the investigation of an internal complaint will be subject to appropriate disciplinary action up to and including immediate termination of employment. All employees are required to cooperate with investigations.

Upon completion of the investigation, we will examine the evidence and decide what course of action to take. If it is determined that an employee has discriminated or is discriminating against or harassing another employee, appropriate disciplinary action will be taken, up to and including discharge.

#### **Retaliation**

We prohibit retaliation against an employee who has filed, in good faith, a complaint under this policy or under any law or for assisting in a complaint investigation. Any supervisor or member of management

who knows an employee is being harassed, discriminated or retaliated against and fails to address the situation or fails to notify higher management will be subject to disciplinary action.

#### **Substance Abuse**

*(A more detailed discussion of our Policies Regarding Substance Abuse is set forth in the Employee Handbook, to which you should also refer)*

We want to maintain a workplace that is free of illegal drugs and alcohol and to discourage drug and alcohol abuse by our employees. We have a vital interest in maintaining safe and efficient working conditions for our employees. Substance abuse is incompatible with health, safety, efficiency your and our success. Employees who are under the influence of an illegal drug or alcohol on the job compromise our interests, endanger their own health and safety and the health and safety of others, and can cause a loss of efficiency, productivity, or a disruptive working environment. All of us, and our visitors or guests at our facilities, need to understand that these substances are strictly forbidden from our property and workplaces, and we have the right to investigate and search these premises in appropriate circumstances to ensure these substances are not present.

As a condition of employment and continued employment, you must abide by this policy.

The prohibitions of this section apply wherever our interests may be adversely affected, including any time an employee is:

- On our premises;
- Conducting or performing Covanta business, regardless of location;
- Operating or responsible for the operation, custody, or care of our equipment or other property; or
- Responsible for the safety of others in the conduct of our business.

**Alcohol:** In any situation in which we have an interest, the following acts are prohibited:

- Unauthorized use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of alcohol; or
- Being under the influence of alcohol.

**Illegal Drugs:** In any situation in which we have an interest, the following acts are prohibited:

- Use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of any illegal drugs or any other controlled substance; or
- Being under the influence of any illegal drug or other controlled substance.

**Legal Drugs:** In any situation in which we have an interest, the following acts are prohibited:

- Abuse of any legal drug;

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- Purchase, sale, manufacture, distribution, transportation, dispensation or possession of any legal prescription drug in a manner inconsistent with law; or
- Working while impaired by the use of a legal drug whenever such impairment might:
  - Endanger your safety or the safety of any other person;
  - Pose a risk of damage to our property; or
  - Substantially interfere with your job performance.

*If you have a safety sensitive position you may not use any drugs that contain a warning label describing possible impairments to vision and/or warnings against operating vehicles and/or machinery, unless such use has been approved by your facility management.*

A violation of this policy may, in our sole and exclusive discretion, result in discipline up to and including immediate discharge. Subject to applicable law, we reserve the right to require testing for drugs by urinalysis or other drug tests of any employee or applicant for employment at any time.

#### **Possession of Firearms**

You are prohibited from having firearms in your possession at any of our locations or while conducting or performing Covanta business. You may not bring firearms onto any of our locations. We have the right to investigate and search these premises in appropriate circumstances to ensure firearms are not present.

#### **Securities Trading Policy**

##### ***General Legal Concerns.***

As employees of a company whose stock is traded publicly, all of us need to be mindful of the federal securities laws if we are considering buying or selling Covanta stock or other securities. These laws prohibit the purchase or sale of a security at a time when the person trading in that security possesses Material Nonpublic Information, either positive or negative, concerning the issuer of the security (including its business or prospects), or the market for the security. Depending upon the circumstances, the issuer of the security could be Covanta or some other company with which we are involved.

Current laws and regulations do not provide a definition of Material Nonpublic Information, and courts have generally found information to be "Material" if there is a substantial likelihood that a reasonable shareholder would consider it important in making an investment decision. Information is "Nonpublic" if it has not been disseminated or disclosed in a manner making it available to investors generally.

The lack of a bright line materiality test makes compliance with these laws difficult. The determination of whether certain information is "material" can only be made given the facts and circumstances involved. Any list of the types of information commonly found to be material will be incomplete and should be used only as a guideline. With that in mind, the following are some examples of information frequently found to be material:

- new or revised estimates or projections of future earnings or losses;
- adverse events that have affected the performance of one or more of our facilities;

- news of a pending or proposed merger or acquisition;
- news of transactions in our securities, such as an offering of stock, debt securities, or a tender offer or exchange offer;
- declaration of a stock split or dividend;
- news of a significant sale of assets or the disposition of a subsidiary;
- new project development;
- facts related to potential litigation, enforcement actions, regulatory compliance or the costs associated with any of the foregoing;
- change in auditors or auditor notification that we may no longer rely on the auditor's audit report;
- changes in executive management or our Board of Directors;
- gains or losses of a substantial customer or supplier;
- imminent solvency problems, such as pending bankruptcy, loan defaults or a final judgment against us; and/or
- news of any other transaction or event that is likely to impact significantly our financial condition or performance.

When a securities transaction is subject to scrutiny, it is viewed after-the-fact, with the benefit of hindsight. As a result, before engaging in any transaction, you should carefully consider how regulators and others might view the transaction in hindsight.

Any questions about whether certain information is material and/or nonpublic should be directed to our General Counsel. If you violate any of these prohibitions, you may subject yourself, us, and our officers, directors and supervisory persons to civil and criminal liability. Penalties may include a civil penalty of up to three times the profit gained or loss avoided and a criminal penalty of up to \$1 million for individuals and \$2.5 million for entities. You may also be subject to a jail term of up to ten years. Violation of this policy is a basis for and may result in your immediate termination of employment.

#### ***Our Guidelines.***

We have established guidelines for our directors, officers and employees who desire to engage in transactions involving our stock, notes, bonds, debentures, options, warrants and any other similar instrument to, or derivative of, the foregoing. We refer to these instruments collectively as "Company Securities".

All of our directors, officers and employees (and those of our subsidiaries) shall:

- Comply with all laws applicable to the trading of Company Securities;
- Subject to the exemption stated below, not buy or sell Company Securities at any time that they possess Material Nonpublic Information relating to Covanta or our businesses;



- Not buy or sell securities of any other company, if at the time they possess Material Nonpublic Information relating to that company obtained during the course of their service with us;
- Not directly or indirectly (a) engage in "tipping" any Material Nonpublic Information concerning Covanta or our businesses to anyone or (b) communicate Material Nonpublic Information concerning Covanta or our businesses to any third party unless such communication is appropriate under the circumstances and has been properly authorized by us, and unless the person receiving the information has agreed, in writing if appropriate, to keep such information confidential;
- Not permit any member of his or her family or other household member (including spouses, minor children or any other family members living in the same household) to engage in any of the activities prohibited by this policy;
- Not engage in frequent or speculative trading of Company Securities;
- Not engage in short sales of, or buying or selling of puts, calls or other derivatives of Company Securities;
- Not submit any information about us to any web-site or "chat-line" unless authorized by us to do so; and
- Ensure that they are in compliance with this policy before engaging in any transaction involving Company Securities.

***Specific Rules for Designated Persons.***

Certain individuals are also subject to additional rules because of their respective roles and their access to information about our business. They are: (i) our directors, (ii) any officers of Covanta or its subsidiaries, including any individuals listed as our executive officers in our Annual Report on Form 10-K, and (iii) any other individuals specifically identified by our Chief Executive Officer, Chief Financial Officer, or General Counsel. We refer to these individuals collectively as "Designated Persons".

If you are a Designated Person, neither you nor your family members may purchase, sell, or otherwise acquire or transfer any Company Securities, unless:

- you trade during an "open window period"; and
- you provide two (2) days' prior notice of such transaction to our General Counsel or his or her delegate.

An "open window period" begins after one (1) full trading day has elapsed after (i) issuance via a press release or other release to the financial wires of our earnings or other financial information, or (ii) a filing with the SEC of earnings and other financial information and any other material information regarding Covanta or our subsidiaries or businesses. The open window period ends on the close of trading on the 30th calendar day following such release of earnings data and other financial information, but no later than the first day of the last month of any fiscal quarter;

In addition, Designated Persons may not directly or indirectly, purchase, sell or otherwise acquire or transfer any Company Securities during any period identified as a "blackout period" under our individual

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account plans (such as our 401(k) plan). Blackout periods occur if, for more than three (3) consecutive days, the ability of at least 50 percent of the plan participants or beneficiaries to trade in Company Securities is temporarily suspended. This prohibition does not apply to Company Securities acquired on the open market and sold during a blackout period and, does not apply to any blackout periods incorporated into an individual account plan and timely disclosed to employees before becoming participants under such plan.

In the event that a Designated Person's relationship with us is terminated for any reason at a time when he or she is otherwise prohibited from trading in Company Securities because of a blackout period or the absence of an open window period, then such former Designated Person shall remain subject those restrictions for the duration of such blackout period or until the next available open window period.

In addition, our directors and certain of our officers may be subject to the provisions of Section 16 of the Securities Exchange Act of 1934. These provisions require, among other things, reporting of acquisitions and dispositions of Company Securities. They also require the recovery by us of "short-swing profits," the profit an individual may be deemed to have obtained from purchasing or selling Company Securities within the preceding six months of an offsetting transaction in Company Securities unless the transaction is exempt under Section 16(b) of the 1934 Act. Liability under Section 16(b) is based upon "bright line" rules and cannot be avoided by showing that the director or officer involved did not in fact possess any Material Nonpublic Information.

*Limited Exemption for Pre-Approved Trades.*

Rule 10b5-1 of the Securities Exchange Act of 1934 permits, in very limited circumstances, a director, officer and employee to buy or sell Company Securities at times that he or she possesses Material Nonpublic Information. Such circumstances are limited to situations only where there exists a binding contract, written instructions regarding purchases or sales to a third party, or a written plan regarding trading, that was entered into at a time when the person did not possess Material Nonpublic Information. In each case these contracts, instructions or plans must meet detailed legal requirements. You may not rely on Rule 10b5-1 in undertaking any transaction that would otherwise be in violation of this policy unless you have first received the approval of our General Counsel or his or her delegate.

**VIOLATIONS OF ANY OF THE FOREGOING CAN LEAD TO SIGNIFICANT FINES, IMPRISONMENT AND OTHER PENALTIES FOR THOSE INDIVIDUALS INVOLVED. FAILURE TO STRICTLY ADHERE TO THIS POLICY WILL RESULT IN SERIOUS CONSEQUENCES AND MAY RESULT IN TERMINATION OF EMPLOYMENT.**

**Record Retention**

You must be aware of the requirements of our record retention policy and adhere to its terms. Copies of the policy may be obtained from our Human Resources Department.

Notwithstanding anything in the document retention policy, you may not destroy, mutilate, conceal, cover up, falsify, or make a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or other inquiry of a government agency. Failure to adhere to this rule is not only a serious breach of our policy but also a serious violation of law which may result in large fines or extended jail sentences.

### **Inquiries from Government Agencies**

Many of our business activities are in areas which, from time to time, may be the focus of written or oral inquiries or investigations by government agencies. In each instance, our General Counsel will coordinate the response.

If the inquiry is written, a copy must be forwarded promptly to our General Counsel.

If the inquiry is oral, your immediate response should be non-committal and cordial but you should inform the caller that you will have to call back after you have consulted with appropriate Covanta officials. You should then immediately notify our General Counsel by telephone of the inquiry and follow the advice of our General Counsel in responding.

### **Electronic Communications Policy**

Our worldwide electronic communications networks, including Microsoft Outlook, Internet, Intranet and Voice Mail, are intended for our business use only. Misuse of these networks directly affects our systems and ability to do business. You may use our information, data and technology for Covanta-related business and its intended purposes only. You may use our systems for limited personal use. Your personal use may not interfere with the performance of your job and should not adversely impact Covanta. Since our electronic communications network is intended for business use, you have no right to privacy with respect to information received or sent through or stored on such network.

Misuse of our electronic communication networks is a violation of our policies and is a basis for disciplinary action up to and including termination of employment. In addition, a violation may have legal consequences.

Misuse of our electronic communication networks includes, but is not limited to:

- Sending or forwarding chain letters, personal advertising, or excessive personal messages;
- Offensive or inappropriate statements pertaining to race, nationality, origin, ethnicity, gender, sexual orientation, disability, age, or any other personal characteristic;
- Excessive access of non-business related Web-sites;
- Making solicitations;
- Divulging confidential or proprietary information;
- Deliberately flooding or disrupting electronic traffic inside and outside of Covanta; and/or
- Distributing statements inimical to our reputation, welfare and best interests.

Confidentiality should also be always considered carefully. Remember that messaging systems should not be considered private. Both inside and outside Covanta, a message (whether through misdirection, response to legal process, or otherwise) may be heard or seen by someone other than the intended recipient.

To assure compliance with this policy, we reserve the right, subject to applicable law, to monitor for any purpose all communications delivered via our resources, including but not limited to, telephone communications, information or materials created or stored on the our network computer systems or on your assigned personal computer. Before any telephone-related monitoring is conducted, approval must be obtained from our General Counsel to avoid violation of federal or state law.

Internet users are responsible for virus-checking any files downloaded from the Internet. Internet users will be held accountable, for any damages caused by a virus they introduce to our network or computers via the Internet.

### **Copyright Policy**

We recognize and respect intellectual property rights and our legal obligations with respect to our use of copyright protected materials.

You may not reproduce any copyrighted work in print, video, or electronic form in violation of the law. The easiest way to ensure no violation is by receiving express written permission of the copyright holder. Works are protected by copyright laws in the U.S. even if they are not registered with the U.S. Copyright Office and even if they do not carry the copyright symbol (©).

Copyrighted works include, but are not limited to, printed articles from publications, TV and radio programs, videotapes, music performances, photographs, training materials, manuals, documentation, software programs, databases, and World Wide Web pages. In general, the laws that apply to printed materials are also applicable to visual and electronic media. Examples include diskettes, CD-ROMS, and the World Wide Web pages.

We have obtained a repertory license from Copyright Clearance Center® ("CCC") permitting us to make photocopies of portions of CCC's 1.75 million registered published works. The CCC license permits unlimited copies to be distributed to our employees for internal use only. A list of the materials covered by this license can be obtained at CCC's website: [www.copyright.com/Search/Search.asp?](http://www.copyright.com/Search/Search.asp?)

For all other copyrighted works, you must obtain permission directly from copyright holders or their licensing representative.

Questions concerning copyright procedures, or if you need help to determine whether a work is covered by the CCC license and how to handle any special copyright issues, should be addressed to our General Counsel.

### **Annual Disclosure**

You must certify at least once a year, by execution of the Certificate of Compliance attached to this Policy of Business Conduct and delivery thereof to the Vice President – Human Resources that you have recently read this Policy of Business Conduct and are complying with all our policies contained herein.

## **Speak Up!**

**IF YOU HAVE ANY CONCERNS, QUESTIONS OR SUGGESTIONS CONCERNING THE POLICY OF BUSINESS CONDUCT, YOU SHOULD REPORT THEM TO (I) YOUR SUPERVISOR OR MANAGER; (II) THE GENERAL COUNSEL OR VICE PRESIDENT, HUMAN RESOURCES OF YOUR BUSINESS UNIT; OR (III) TO TIMOTHY J. SIMPSON, COVANTA'S GENERAL COUNSEL, AT 973-882-7308, OR TO ROBERT MONTELEONE, COVANTA ENERGY'S VICE PRESIDENT, HUMAN RESOURCES, AT 973-882-7153.**

**OR, IF YOU PREFER TO REMAIN ANONYMOUS, YOU CAN CONTACT:**

**THE NETWORK 1-800-241-5689**

**Call Toll-Free From Any Location Any Time  
You DO NOT have to give your name.  
For international calls, call collect 770-409-5006**

**OR**

**THE CHAIRMAN OF THE AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS OF COVANTA HOLDING CORPORATION**

**PO Box 7  
Caseville Station  
Jackson, NJ 08527**

**Information reported to The Network or Covanta's Audit Committee will be handled on a confidential anonymous basis. Only the substance may be referred to Covanta management.**

**Covanta prohibits retaliation against an employee who has filed, in good faith, a complaint under this policy or under any law or for assisting in a complaint investigation. Any supervisor or member of management who knows an employee is being harassed, discriminated or retaliated against and fails to address the situation or fails to notify higher management will be subject to disciplinary action.**

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**Certificate of Compliance**

**COVANTA HOLDING CORPORATION,**  
and each of its subsidiaries  
Attention: **Ethical Equations**  
Canville Station  
Box 88  
Jackson, NJ 08527

I hereby advise the Audit Committee that:

I have received and read a copy of the Policy of Business Conduct (the "Policy") applicable to Covanta Holding Corporation, and all its subsidiaries, (collectively, the "Company"); I understand the purposes and the contents of this Policy and acknowledge that it sets forth the ethical guidelines the Company requires me to follow in conducting its business; I acknowledge a responsibility to comply with this booklet in conducting the Company's business and, to the best of my ability, I will uphold and apply these guidelines in all respects; if I am in doubt I will seek advice and guidance as provided in the booklet before proceeding, and I understand that failure to comply with these guidelines will subject me to disciplinary action including dismissal.

I remained in full compliance with the ethical guidelines set forth in the Policy since the date of its last distribution through and including the date set forth below. (This paragraph does not apply to new hires subscribing to this statement for the first time.)

Very truly yours,

\_\_\_\_\_

Employee Name \_\_\_\_\_

Name of Employer \_\_\_\_\_

Position \_\_\_\_\_

Location \_\_\_\_\_

Date \_\_\_\_\_

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the foregoing document to be served upon the following persons via first-class mail:

**Tony Orlando**  
**CEO**  
**Covanta Energy Corporation**  
**40 Lane Road**  
**Fairfield, NJ 07004**

**Raymond J. Carey**  
**Foley & Lardner LLP**  
**One Detroit Center**  
**500 Woodward Ave., Suite 2700**  
**Detroit, MI 48226-3489**

**Dated on this 7<sup>th</sup> day of October, 2008.**



**Rebecca J. Baldwin**

**Law Offices of:**  
**Spiegel & McDiarmid LLP**  
**1333 New Hampshire Avenue, NW**  
**Washington, DC 20036**  
**(202) 879-4000**

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